



INTRODUCING
OBC™
Better Butchery

" The OBC Group has been in the retail industry for over 37 years with over 90 stores nation-wide."

Thola
Zonke!

EXPECT MORE QUALITY **EXPECT MORE SERVICE** **EXPECT MORE VALUE**



OBC IS A PROUDLY SOUTH AFRICAN FRANCHISE.

Reg. 2000/022255/07 V.A.T No. 4500170958 Directors JA Fourie, AAF Da Fonseca (Managing)

OBC Group (Pty) Ltd. 1158 Lourwardia drive, Centurion 1683 Visit www.obcgroup.co.za | 0861 622 622

Franchise Opportunity

There must be a good reason why our customers have named us Ekhaya Lenkukhu - The Home of Chicken. And there must be an even better reason why The Franchise Association of South Africa (FASA) has named us Franchisor of the Year, not just once but twice in a row. So, while it is not in our nature to boast too much, we are quite proud of our history. We also know that looking back is hardly productive. That's why our focus is firmly on the future.

OBC History

The first ever OBC Chicken store started trading in 1987 in Oberholzer, Gauteng. Initially, chicken was the only product for sale, the addition of meat and grocery items happened much later. A set of strong family values coupled with a well-engineered business model and a powerful brand have extended through to everything we do from the day we started and this hasn't changed. Today, we offer newcomers and established businesses in our sector, the opportunity to become part of our fast-growing and highly profitable network. Over the past three decades since the first OBC store opened its doors for business, we have grown to over 90 stores. This has created a solid foundation for further growth - with an even bigger national footprint being the ultimate goal. Expansion into neighbouring countries may also be on the cards.

Our medium-term strategy is to increase the number of OBC Better Butchery stores to 100+ within the next three to five years. That's why we are on a drive to recruit suitable individuals as franchisees. Our stores focus on the low to mid-market sector, LSM 3 to 6. This sector remains virtually unaffected by the recent downturn in the economy because we offer every-day necessities and people have to eat. In fact, with our focus on consistency, competitiveness, convenience and customer satisfaction, we continuously gain market share. It also helps that we also position our stores strategically near mass market communities and transport hubs serving them. This offers consumers convenient access to frozen chicken, fish, red meat, processed meats and essential grocery items. Part of our offering is an ever-expanding range of OBC branded goods, which have become extremely popular with our customers.

The pride we take in the quality of the items we sell is matched by the care we take to build our brand. What's more, is that we always live up to our slogan, "Giving you more." Over the past few years, this has placed us firmly among the contenders for South Africa's fastest-growing retail brand in the market segment.

"Giving you more."

Our Franchise

As a franchisor, we have made a significant investment in infrastructure and franchisee support and our efforts haven't gone unnoticed. We are a proud member of FASA since 2009. Indeed, FASA has recognised our performance by awarding us the highly-contested title of FASA Franchisor of the Year in 2015 and 2016. We were runner-up and winner in other categories as well. During the same period, the South African Portuguese Chamber of Commerce (SAPCC) has awarded us the title of Leading Large Business, twice. Winning awards means far more than making us feel good. The resulting publicity has done wonders for the standing of the OBC brand. In fact, the brand has become a drawcard for shopping centres located within our target market areas.

This gives new franchisees access to quality sites. Existing stores who convert to the OBC system routinely report increases in store awareness and resulting sales almost immediately after they unveil their new store image.



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OBC Distribution Centre

The OBC Distribution Centre provides a core range of products, including a growing range of OBC branded items, plus competitive pricing and highly efficient logistical support. It is well known that in our type of business, turnover figures and profitability depend on buying right, pricing right and selling right. Our sophisticated stock control, ordering and distribution systems combine to virtually ensure that stock outages have become a thing of the past for our stores. This is of great importance because customers who can't find what they want when visiting your store could be lost forever.

How do we actually do it?

Everyone knows that the economy is in a slump and operating a profitable business isn't easy. This notwithstanding, franchisees operating under our brand have shown levels of growth that far outstrip inflation. We can assure you that there is no magic involved. Reduced to basics, OBC's franchise model rests on four pillars, namely; a well-developed bulk purchasing, a storage and distribution system, national advertising and marketing informed by an intimate understanding of what members of our target market really want, extensive initial and ongoing franchisee support, and a network of dedicated and hard-working franchisees.

You, too, can become part of the OBC success story.

Individuals who join the OBC Better Butchery franchise enjoy the benefit of trading under a well-recognised brand, utilising our tried and tested systems and procedures from day one. They also benefit from national marketing campaigns and access to bulk pricing.

It is easy to see that this puts them miles ahead of independent start-ups because it is the most direct route to enhanced operational efficiency and profitability.

Now let's look at the "pillars" we mentioned previously in more detail.

Bulk Purchasing, Storage and Distribution

Because we operate on a sound financial footing, we are able to purchase fast moving consumer goods in large quantities. This gives us access to rock bottom prices. Taking advantage of occasional special offers enhances our competitiveness further and our franchisees benefit. We have the infrastructure needed to store goods cost-effectively and safely, either at our dry goods store or our cold storage facility.

Our sophisticated order processing and distribution system makes cost-effective deliveries of mixed orders to our stores, on time, every time. This virtually eliminates stock-outages without the stores having to carry excessive stock. Our franchisees save in three ways:

- Less cash is tied up in stock
- Less storage space is needed
- The risk of stock getting damaged or stolen is significantly reduced

Our franchise management software system—Herding Cats, allows a franchisee to manage their store operations. This state of the art POS system, integrates with OBC's Distribution Centre, helping franchisees to easily manage buying and selling of stock. Our system is reliable, speedy and accurate.



National Advertising and Marketing

Our dedicated marketing team draws on over 30 years of experience in developing marketing campaigns that work in our market. For example, we distribute at least a million pamphlets monthly. Some self-styled experts will sneer at that and tell you that pamphlet distribution doesn't work anymore. We disagree! We monitor results very carefully and our stores' sales figures prove that our target market continues to respond well to pamphlet distribution.

Our advertising mix also includes posters, flyers and in-store signage that can be customised to local promotions.

Naturally, we don't ignore modern marketing channels either. Our website is constantly kept up to date, and we maintain a high profile on social media as well. Most importantly, we have a large and continuously growing database of customers complete with contact details and buying patterns. This enables us to communicate personalised special offers to customers' cell phones.



Extensive Franchisee Support

Given what we have said so far, it might appear that our focus is on product marketing and distribution. This is not the case at all. We see ourselves as franchisors first, wholesalers second. Why? Because we know full well that it is not the product range that distinguishes us from our competitors. Close cooperation between consumers, franchisees and ourselves achieves that.

Shared Responsibility

While we as the franchisor operate a highly efficient supply chain, place effective advertising and undertake a host of other marketing initiatives, it is up to our franchisees to convert these efforts into sales at store level. This combined effort is what makes the brand successful.

Franchisee Selection

We know that our continued success as a franchisor depends on the profitability of the bulk of our franchisees. That's why we place much emphasis on franchisee selection, training, initial and ongoing support. The last thing we'd want to do is to accept an individual as a franchisee who is unlikely to make the grade.

We use the information you provide on the Application for a Franchise to make an initial determination regarding your suitability. Being absolutely honest and straightforward at this stage is in your own best interest. Making a sizable investment into a business you don't enjoy running, would be a serious mistake. That's why it's so important that you complete the application form with care.

Subject to a positive outcome of the initial evaluation process, we'll invite you for a series of meetings. During these meetings, we'll ask lots of questions. At the same time, we'll do our best to answer all of yours.

Store Visits and Meetings

Once your store is up and running, our ongoing support programme kicks in. During periodically planned store visits, the Area Manager will make certain that everything is operating according to our tried and tested systems. In case of problems, he/she will offer instant guidance on how to get things back on track. Head office specialists, for example a Category Manager or Merchandiser, may be called in to lend a hand.

In addition to regular support visits by the Area Manager, a senior member of the head office team visits each OBC store at least once a year. During these visits, performance over the past business period is reviewed and support is offered where required.

The OBC Advertising Club meets quarterly to discuss marketing and advertising initiatives going forward. This body is made up of franchisor and franchisee representatives, and is chaired by a franchisee. The franchisee representatives are elected by their peers on a regional basis and report back to them after each meeting.

OBC Franchising arranges an annual franchisee conference during which the strategy for the forthcoming year is discussed and issues of mutual concern are addressed. Moreover, OBC's top franchisees are recognised and these gatherings end with a social component during which old friendships are renewed and new ones forged.



Communication Programme.

Extensive Internal Communication Programme

Ongoing communication between head office departments and franchisees reflect the level of extensive support OBC Franchising offers.

Email Messages

We keep franchisees informed about special offers and other issues of immediate concern by sending out direct emails.

Social Media

We use this communication channel extensively to send out more complex information and/or information of sustained relevance about our product offering.

OBC Newsletter

The OBC in-house newsletter is published quarterly. It informs franchisees about the latest developments within OBC Group and our business sector in general. Motivational and how-to articles are another regular feature.

Open-door Policy

The open-door policy we maintain throughout OBC Group supersedes all other channels of communication. Should one of our franchisees have a problem they have direct access to a senior person within our head office team. This person won't just listen but will be empowered to act.

A Network of Dedicated and Hard-working Franchisees

Our efforts described so far would mean nothing should our franchisees fail to deliver on our customers' expectations 101%. Our brand slogan is "Giving you more". To deliver on this promise, our franchisees have to work hard to give customers what they expect, then surprise them by giving them more. "More" could mean more product for your money, a wider range, better service or a bigger smile. The key objective is to make our customers feel good about shopping at an OBC Chicken and Meat store, therefore we have to rely on our franchisees to make the magic happen.

The Profile of our Ideal Franchisee

The FAQ sheet we have attached to this document provides additional information and explains how the franchisee recruitment process unfolds. All in all, we have told you about our operation and how our franchise works. The time has now come to tell you what we expect new franchisees to be like.

Operating an OBC Chicken and Meat store requires dedication and stamina. To make the grade, you need to:

- Be a retailer at heart, committed to customer service excellence
- Have an eye for detail, be admin-oriented and hard-working
- Have high business ethics
- Be a team player, willing to follow our proven blueprint and work closely with our head office team for mutual benefit.
- Be a good motivator, capable of getting the best out of the people who work for you



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The OBC Better Butchery Franchise Opportunity

Frequently Asked Questions

Because interest in our franchise is at an all-time high, we have prepared this document as an initial response to questions we receive from prospective applicants. It lists the most popular questions they ask, and our answers. We must stress that this document was compiled for initial information only and is non-binding. Comprehensive and binding information is contained in our disclosure document (see below)

How many stores do you have?

We currently have more than 90 stores, most of them franchised. Our medium-term plan provides for the establishment of a further 16 stores by the end of 2024. This will bring the total number of stores to 100 plus, so this is why we are on a franchisee recruitment drive.

What is your target market?

Our target market is the LSM 3 to 6 segment. Our founders selected this segment over 30 years ago and we can confidently say that they made the right choice. This market segment encompasses more than half of South Africa's population and continues to grow.

But isn't this a very competitive market segment? What do you do differently to hold your own against your competitors?

It's true that we operate in a competitive market but because we supply essentials people cannot do without we remain almost unaffected by the ups and downs of the economy. As far as our competitors go, we respect them but we have no reason to fear them. The combination of our brand's reputation, trade connections, bulk purchasing power, marketing acumen and strong infrastructure has made us the sector's fastest-growing contender. Our franchisees' trading results are proof.

Are you a member of FASA?

Yes, we are a member of FASA in good standing since 2009. Our managing director, Tony da Fonseca, joined FASA's Council in 2012. He subsequently joined FASA's Executive Committee and was appointed FASA chairman in 2017. Moreover, OBC Franchising won the coveted title of FASA Franchisor of the Year in 2015 and 2016.

How can I access your disclosure document?

The disclosure document contains substantial confidential information. In keeping with good franchise practice and in full compliance with the CPA as well as FASA's membership requirements, we make it available only after we have assessed an applicant. And before we hand over this document we need you to sign a confidentiality undertaking.

Why do you insist on me signing a confidentiality undertaking before you give me access to the disclosure document?

Our disclosure document contains confidential information, including financial information. We do not want this information to fall into the wrong hands. This is why we insist on pre-qualified applicants signing the confidentiality undertaking. It reduces our risk of misuse of the information but does not oblige you to invest in our franchise. This approach is in line with good franchise practice, complies with the requirements of the Consumer Protection Act (CPA) and is sanctioned by FASA.

What is the duration of the franchise agreement?

Our franchise agreement runs for five years. At the end of this period, and provided that the franchisee is in good standing all-round, he/she has the right but is not obliged to request the extension of the agreement for a further five years.

How much capital do I need to get started?

The total investment including stock and working capital is currently in the region of R8 to R10 million excluding VAT. The actual amount depends on the size and condition of the site. As a rule, commercial banks require unencumbered funds to the amount of 50% but funding schemes are available to qualifying applicants. Subject to circumstances, this could reduce the applicant's initial cash contribution to 30%.



Does OBC provide funding for qualifying applicants?

OBC does not provide funding to prospective franchisees but we are accredited by all major banks as a professional franchisor. We also have access to government-sponsored funding schemes if and when those become available.

What is the nature and extent of assistance OBC Franchising offers franchisees at the start-up stage?

We help with site selection, lease negotiations and project management. Our initial support includes extensive training of the franchisee and its key staff in all aspects of operating a successful business. Introduction to key suppliers and access to purchasing terms negotiated at group level are other important benefits.

You say that you manage the store establishment project. Wouldn't I save money finding my own contractors?

To protect our corporate ID, we prepare the necessary specifications. We also insist on selecting accredited contractors because this gives us the assurance that the project will be completed to standard and on time. We see this as part of the standard initial support for which you pay the initial franchise fee. We do not take mark-ups from contractors or other suppliers.

What is the nature and extent of assistance OBC Franchising offers franchisees on an ongoing basis?

We pride ourselves on providing ongoing franchisee support at a level that is unmatched in the sector. The Franchise Association of South Africa (FASA) has recognised this by awarding us the coveted title of Franchisor of the Year for two years running, namely 2015 and 2016. (Following the appointment of our Managing Director as Chairman of FASA, ethical considerations prompted us to suspend participation in the FASA awards for 2017 and 2018. We are planning to re-enter the awards in 2019.)

Please explain initial and ongoing franchise fees.

The total investment was stated on the previous page. In keeping with best franchise practice, full financial details are published in the disclosure document. Suffice it to say at this point that both initial and ongoing fees are set in such a way that they do not diminish the franchisee's ability to generate attractive financial returns. Plus, ongoing fees are set on a sliding scale, thus ensuring that performance excellence will be rewarded rather than discouraged.

Will I be forced to purchase goods for resale etc. from you or suppliers prescribed by you? If so, how will this affect my ability to make a profit without pricing myself out of the market?

OBC Group operates its own distribution centre. Franchisees are encouraged to purchase goods for resale from this centre but are not obliged to do so, with one exception. In the interest of conformity, franchisees are compelled to stock the full range of OBC house brands. Beyond that, our distribution centre aims to earn your business, OBC Franchising will never force you to purchase from them. We also publish a list of preferred suppliers, most of which offer us preferential group deals. We do sometimes get rebates from our nominated suppliers, which we are always transparent about—franchisees are free to submit names of alternative suppliers for evaluation and approval should they so wish.

Would it be necessary for me to work in the business full time or can I leave day-to-day management to a manager?

Up to a point, we leave this up to you but in our experience, business performance is superior when the owner manages the business hands-on. This does not necessarily require the owner's full-time physical presence. What's important is that the owner maintains close managerial oversight. In instances where the franchisee has other business interests it would be advisable to appoint a trusted individual with a shareholding in the business as store manager.

Will I be permitted to acquire multiple OBC Butcheries and/or OBC Liquor outlets in future?

Absolutely! We like working with people we know. As soon as your first store is running smoothly we will encourage you to invest in further outlets. This could either be OBC Better Butchery stores or OBC Liquor stores but allocation is subject to the availability of suitable sites.



Frequently Asked Questions.

What is the usual sequence of events that leads to me operating my own OBC Better Butchery store?

Investing in a franchise is a serious undertaking that has long-term consequences. It follows that the process should not be rushed. Although we are totally convinced of the viability of our franchise we cannot guarantee your success; it is up to you to investigate before investing.

This is how the process will typically unfold:

1. You complete the application form and submit it to OBC Franchising via e-mail.
2. OBC Franchising reviews your application, makes an initial determination of viability and notifies you accordingly.
3. Subject to a positive outcome of the initial evaluation, we'll invite you to attend a series of meetings with members of OBC's senior management. Expect us to ask lots of questions and feel free to ask us questions as well. Store visits may form part of this step.
4. After you have signed the confidentiality undertaking, you'll receive copies of the disclosure document and the franchise agreement for review. At this stage, we'll encourage you to seek advice from competent legal and financial advisors of your choice. We may also invite you to spend a few days at one of OBC's company-owned stores. This will enable you to gain a first-hand impression of what life as an OBC franchisee will be like.
5. Site selection and funding issues will be finalised. The signing of the franchise agreement and the payment of the initial fee come next. Two weeks later, your initial training can commence and you're well on your way towards a profitable future.
6. While you undergo training, OBC Franchising's store set-up team will prepare the new store for trading. This covers all facets of store establishment and fitting out including installation of the store administration and management system.
7. About four weeks before the scheduled grand opening, the set-up team will assist you with the placement of initial stock orders and the merchandising of the store. Recruitment and training of your initial staff complement happens during this period.
8. Detailed checklists are used to ensure that everything functions properly before your new store is declared ready to start trading under the OBC Better Butchery banner. The final part of the set-up assistance programme is the preparation of a Grand Opening promotion. This virtually ensures that your store is busy from day one.



Assuming that we reach an agreement in principle, how long would it take before I can start operating my own store?

In our experience, and subject to the availability of a suitable site, the entire process as described above typically takes three to six months.

Should the above sound like you, and assuming that you are able to support the necessary investment, we would like to meet with you. To set up a no-obligation appointment contact:

Robbie Capazorio 082 337 7747 | robbie@obcgroup.co.za | franchisedesk@obcgroup.co.za
Visit www.obcgroup.co.za | 0861 622 622

Expansion through franchising allows us to grow our network through individuals who because they invest their own capital, skills and effort into the business, are fully committed towards making their stores successful.



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APPLICATION FOR A FRANCHISE

Application for the following OBC Group brand

OBC Chicken and Meat

Complete the form in full (add pages if necessary)

I wish to apply for a franchise as selected above. I provide the following information in support of my application but subject to the assumption that the completion of this application does not bind me in any way whatsoever except as set out at the end of this form.

1. PERSONAL INFORMATION

Surname:				First name:																		
Identity number:																						
Nationality:				Gender									M		F							
If non-SA, permanent residence			Yes		No	Work permit					Yes		No									
Tel (H):				Tel (W):																		
Cell:				Email:																		
Current residential address:																						
												Postal code										
Resident since:					Property owned					Property rented												
Previous residential address:																						
												Postal code										
Resident from:				to					Property owned					Property rented								
Marital status					Single					Married					Divorced							
Married since			M		M		Y		Y		Y		Y		Y	In COP			Out of COP			

2. EDUCATION AND WORK-RELATED QUALIFICATIONS

3. EMPLOYMENT AND BUSINESS HISTORY

Current employer:												Tel:															
Employed from:			M		M		Y		Y		Y		Y	To:			M		M		Y		Y		Y		Y
Position:												Reporting to:															

Previous employer:							Tel:						
Employed from:	M	M	Y	Y	Y	Y	To:	M	M	Y	Y	Y	Y
Position:							Reporting to:						
Should you currently own a business or have owned a business in the past please provide details:													

4. CRIMINAL AND DEBTORS RECORD

Do you have a criminal record or court proceedings pending (excluding traffic violations)?											Yes	No	
If "yes" provide details:													
Ever been sequestered?	Yes	No	If "yes" date rehabilitated				M	M	Y	Y	Y	Y	

5. YOUR PLANS FOR THE BUSINESS

Should you be accepted as a franchisee, what plans do you have for the business?														
Legal entity:	Sole trader	Partnership	Existing CC	(Pty) Ltd										
Other shareholders: Will you have any? If so, give details under a. and b. below.											Yes	No		
a. Surname:							First name:							
Identity number:														
Residential address:														
											Postal code:			
Business experience:														
Relationship:							Percentage shareholding: %							
b. Surname:							First name:							
Identity number:														
Residential address:														
											Postal code:			
Business experience:														
Relationship:							Percentage shareholding: %							

PERSONAL FINANCIAL POSITION

Bank:	Branch:
Type of account:	Account no:
Type of account:	Account no:
Bank:	Branch:
Type of account:	Account no:
Type of account:	Account no:

STATEMENT OF ASSETS AND LIABILITIES

TOTAL ASSETS	R
Fixed property at market value	R
Residential property, buildings	R
Business property, buildings	R
Total other assets	R
Cash on hand	R
Shares in listed companies	R
Other investments	R
Sundry assets	R
Pension fund pay-out	R
TOTAL LIABILITIES	R
Bond over residential property	R
Total amount of other liabilities	R
NET WORTH (Assets less liabilities)	R
TOTAL CONTINGENT LIABILITIES (sureties or guarantees signed on behalf of others)	R

I, the undersigned, hereby certify that the information provided above is complete and accurate. I understand and accept that should it emerge at a later stage that this information is misleading or untrue in any way it may render resulting agreements null and void. Furthermore, I authorise OBC Group (Pty) Ltd to verify information given in this document and instruct my bankers and other sources to provide full cooperation.

Signed at:	Date:	D	D	M	M	Y	Y	Y	Y
Applicant's name:	Signature:								
Witness's name:	Signature:								
Application		Approved		Rejected	Signature:				